

ER-3-3954

4 November 1952

**MEMORANDUM FOR:** The Comptroller  
The General Counsel

**FROM :** Assistant Deputy Director (Administration)

**SUBJECT :** Contract with Group Hospitalization, Inc.

**REFERENCE :** Memorandum to Deputy Director (Administration) from Assistant Director (Personnel), "Hospitalization and Surgical Insurance for CIA Personnel", dated 27 August 1952. (Attached).

1. The plan for an arrangement between the Central Intelligence Agency and Group Hospitalization, Inc., to provide CIA personnel with group insurance protection in surgical and hospitalization cases, has been approved by the Deputy Director (Administration). The comments of the Comptroller, dated 2 October 1952, when he concurred in the plan, have been considered by the DD/A, as have also the comments of the General Counsel, dated 29 August 1952, when he likewise concurred in the plan.

2. The DD/A's approval is conditioned by the stipulation that a contract between CIA and GHI be negotiated and submitted to him for his approval prior to final commitments being made on behalf of the Agency. Negotiations with GHI which should be conducted jointly by the Comptroller and the General Counsel, should endeavor to produce a contract in which GHI shares with CIA to the greatest extent possible the expenses of supporting the undertaking and maintaining the necessary records, especially with respect to salaries of persons whose time will be devoted to this project. The contract should further be subject to cancellation on the initiative of CIA within a reasonable time limit, in order that CIA might take full advantage of a possible opportunity for more advantageous insurance arrangements for its personnel.

15/

L. K. WHITE

CHE/P:MB:lc (4 November 1952)

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